Real Estate

Over the past decade Placer County has experienced extensive growth in construction and real estate activity. This section outlines non-residential and residential real estate factors in Placer County.

General Real Estate

Several factors make a significant contribution to the real estate activity in the Placer County regional marketplace. As shown in Figure 56, commercial lease rates are generally lower than those in the Bay Area and slightly above those in the Greater Sacramento Area. The combination of lower labor costs and relatively lower commercial rents are an incentive to companies relocating to the area.

FIGURE 56
COMPARISON OF CURRENT LEASE RATES
(PER SQUARE FOOT, 3rd QUARTER 2003)

Area	*Office*	*Industrial*	*R & D*
Placer County			
Roseville/Rocklin/Lincoln	$1.94	$0.36	$1.07
Greater Sacramento Area			
Downtown	$2.16	$0.25	$0.65
Northgate/Natomas	$1.76	$0.32	$0.71
South Sacramento/Elk Grove	$1.72	$0.29	$0.68
Highway 50/Sunrise	$1.57	$0.35	$0.70
I-80/McClellan	$1.74	$0.27	$0.65
Bay Area			
Downtown San Jose	$2.28	$0.56	$1.10
Santa Clara	$1.75	$0.60	$1.10
Sunnyvale	$1.90	$0.60	$1.05
Palo Alto	$2.75	$0.65	$1.50
Mountain View/Los Altos	$2.33	$0.75	$1.15
Fremont	$1.88	$0.57	$0.90
Oakland	$1.81	$0.39	$1.40
Alameda	$1.64	$0.40	-

Sacramento Regional Research Institute, December 2003
Data Source: Grubb & Ellis, CB Richard Ellis

Local government's favorable attitude toward economic development is another factor contributing to the active real estate market in Placer County. Another factor is the proximity of the region to both the Bay Area and the Sierra Nevada mountains.

Computer and technology support firms are among the most rapidly expanding businesses in the area. Information technology, accounting, law, and engineering firms, as well as state associations, have been able to service Bay Area and Southern California clients from Placer County. Consequently, the mix of companies in Placer County has become more regional and national in character. Local companies remain important to Placer County as they expand to keep pace with the region's growth. However, it is the regional and national companies that have generated the impetus to the area's commercial expansion.

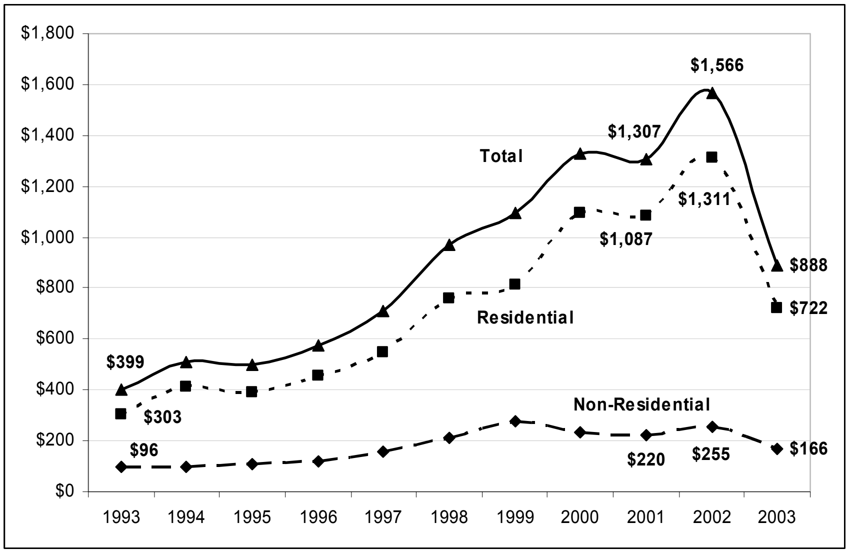
Construction valuation is an indicator of a healthy real estate market for Placer County. Figures 57 and 58 list and chart the historic trend in the valuation of non-residential, residential and total construction in Placer County between 1993 and 2003. As the information demonstrates construction valuation has seen significant increases since the end of the 1990s, reaching the highest point over the past decade in 2002.

FIGURE 57
HISTORICAL NON-RESIDENTIAL AND RESIDENTIAL CONSTRUCTION VALUATION IN PLACER COUNTY
(IN MILLIONS)

Year	*Non-Residential*	*Residential*	*Total*
1993	$96	$303	$399
1994	$98	$410	$508
1995	$106	$391	$497
1996	$118	$458	$576
1997	$159	$550	$709
1998	$214	$757	$971
1999	$279	$815	$1,094
2000	$235	$1,095	$1,330
2001	$220	$1,087	$1,307
2002	$255	$1,311	$1,566
2003*	$166	$722	$888

Sacramento Regional Research Institute, December 2003
Data Source: RAND California
*Note: 2003 data is through October.

FIGURE 58
NON-RESIDENTIAL AND RESIDENTIAL
CONSTRUCTION VALUATION
TRENDS IN PLACER COUNTY
(IN MILLIONS)



Sacramento Regional Research Institute, December 2003
Data Source: RAND California
Note: 2003 data is through October.

Land Costs and Availability

Placer County has abundant undeveloped land available for commercial and industrial development. Public sector policies are pro-business and promote a planned-growth approach to land use. Equally important, many jurisdictions in Placer County use urban reserve and agricultural zoning designations to land bank acreage for future use or to save as open space. These policies stimulate economic growth while preserving the quality of life in Placer County.

Figure 59 shows that, depending upon location, size, accessibility, and topography, the cost of land in Placer County as of October 2003 ranges from 3.98 per square foot for retail strip centers to $20.50 for land zoned for office space.

FIGURE 59
IMPROVED LAND COSTS IN PLACER COUNTY

	Average Cost per Square Foot	
Land Use	*2002*	*2003**
Office	$5.89-$45.62	$4.00-$20.50
Strip Center	$15.61	$3.98-$9.22
Neighborhood Center (8-12 acres)	-	$7.00

Sacramento Regional Research Institute, December 2003
Data Source: Colliers International
*Note: Data is from September 2003.

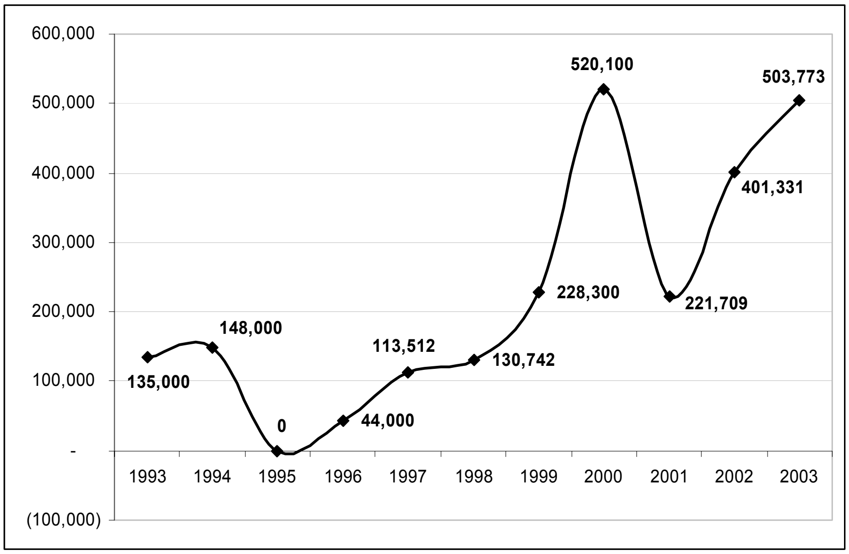
Undeveloped land requires infrastructure to service its intended use. In Placer County, several funding mechanisms are available to finance these improvements. They include, but are not limited to, the formation of an assessment district; Mello-Roos financing; the establishment of a buy-in fee program as property is zoned or developed for urban use; and the use of development impact fees. The details of each infrastructure financing package depend upon the size of the proposed project. As of the first quarter in 2003, the average price for a square foot of commercially zoned land was $6.32 and the average price for an acre was $275,146.

The Highway 65 Corridor lies 20 miles east of Sacramento on Interstate 80, only 90 minutes or less from the ski resorts, casinos, and alpine recreation areas of Lake Tahoe and two hours from the Pacific Ocean. Retail opportunities along Highway 65 Corridor include the Galleria Roseville and Creekside development, professional office space (such as space occupied by Agilent Technologies), transportation corridors such as East Roseville parkway, Blue Oaks Boulevard, Pleasant Grove Road, and finally access from Highway 65 to Interstate 80. California businesses considering expansion or relocation to other states can achieve similar benefits along the Highway 65 Corridor and retain access to California's major markets, advanced communications, and proximity to Pacific Rim markets.

Office Space

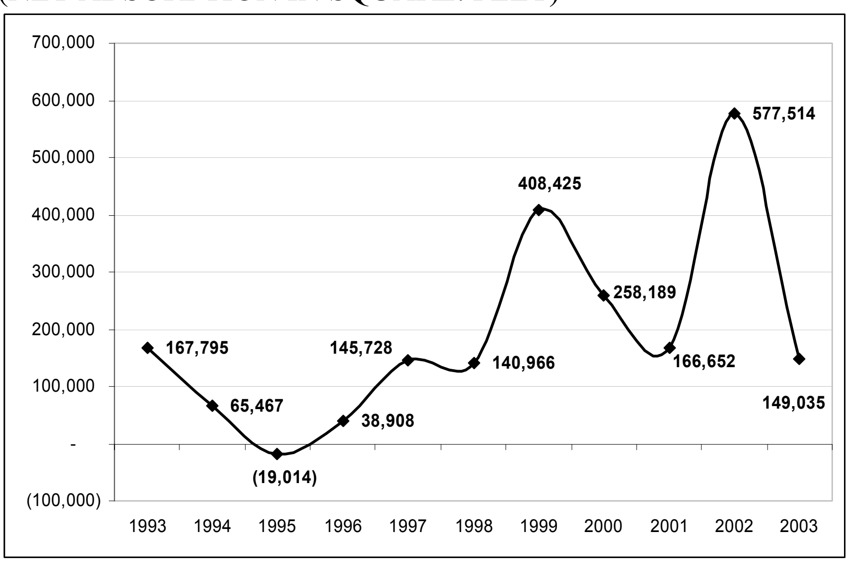
Figures 60 and 61 show the construction and absorption of the office space in Placer County over the past decade. Office space construction was at it highest point in 2000, but data for the first three quarters of 2003 show that office construction activity was close to the levels seen in 2000. Net absorption for the first three quarters of 2003 has been at lower level than those seen in 2002, and on par with 2001.

FIGURE 60
OFFICE SPACE CONSTRUCTION IN PLACER COUNTY
(SQUARE FEET)



Sacramento Regional Research Institute, December 2003
Data Source: Colliers International
Note: 2003 includes data for Quarters 1-3.

FIGURE 61
OFFICE SPACE ABSORPTION IN PLACER COUNTY
(NET ABSORPTION IN SQUARE. FEET)



Sacramento Regional Research Institute, December 2003
Data Source: Colliers International
Note: 2003 includes data for Quarters 1-3.

Service-oriented tenants responding to the expanding population in Placer County created the greatest demand for office space. The demand for space is expected to continue to grow as Placer County becomes a competitor for regional corporate relocations. Because of its proximity to executive housing, as well as affordable housing, good school systems and excellent infrastructure, the Roseville/Rocklin area continues to attract corporate and professional services tenants. With available land, Roseville/Rocklin should continue to expand and develop as a professional and corporate location and experience low vacancy rates.

Figure 62 shows that increases in office lease rates have been modest over the last eight years. The substantial amount of office space added to the market in a relatively short period of time has helped to maintain stable rents.

FIGURE 62
HISTORICAL OFFICE LEASE RATES IN PLACER COUNTY
(COST PER SQUARE FOOT PER MONTH ON A FULL SERVICE BASIS)

Structure	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2003**
Class A Buildings	$1.70	$1.75	$1.80	$1.90	$1.95	$2.00	$2.03	$2.03	$2.05
Class B Buildings	$1.45	$1.50	$1.60	$1.70	$1.75	$1.80	$1.80	$1.80	$1.80
Class C Buildings	$1.00	$1.05	$1.15	$1.20	$1.25	$1.35	$1.45	$1.50	$1.50
Overall Office Rates	$1.60	$1.70	$1.70	$1.75	$1.80	$1.90	$1.95	$1.95	$1.90

Sacramento Regional Research Institute, December 2003
Data Source: Colliers International
*Note: 3rd Quarter data for 2003.

Industrial/Warehouse Space

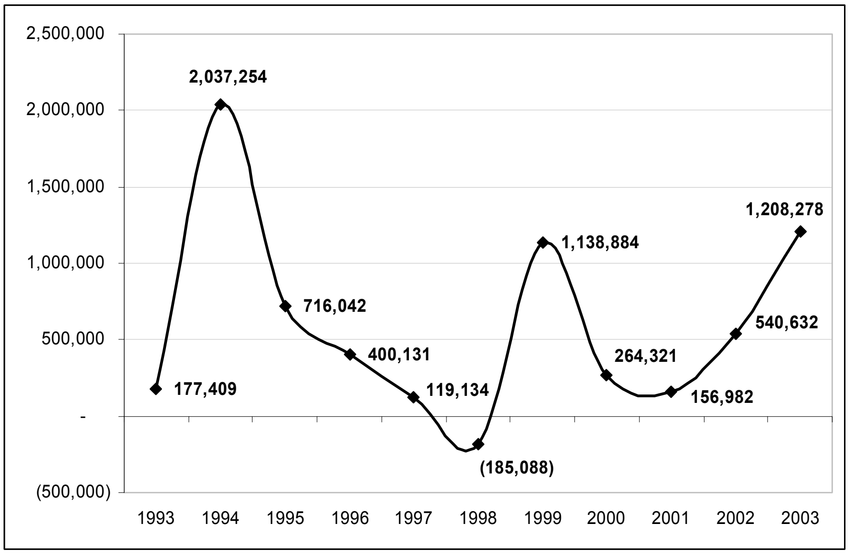
Figure 63 shows the absorption of the industrial space in Placer County between 1993 and 2003. The absorption of the industrial/warehouse space in Placer County peaked in 1994 to over 2.0 million square feet. In 1999, approximately 1.1 million of industrial/warehouse square feet were absorbed. Up to the third quarter, 2003 experienced a higher absorption rate, after the decrease in 2000 and 2001.

The record growth seen in Placer County since late 1980s is due in part to the construction and occupation of several large distribution and manufacturing facilities. Buildings were constructed for companies such as Albertsons, NEC, Hewlett-Packard, SureWest Communications, and Wesco Manufacturing.

In the third quarter of 2003, warehouse facilities rented for about $0.36 per square foot on a triple net basis. Research and development space rented for about $1.07 per square foot. Total industrial vacancy was approximately 15.2 percent.

Several industrial parks have recently moved into Placer County. Figure 53 shows some of the major existing and approved industrial parks (sized over 100,000 square feet) with a brief description of the types of industry and size of the park.

FIGURE 63
INDUSTRIAL SPACE ABSORPTION IN PLACER COUNTY
(NET ABSORPTION IN SQUARE FEET)



Sacramento Regional Research Institute, December 2003
Data Source: Colliers International
Note: 2003 includes data for Quarters 1-3

FIGURE 64
MAJOR INDUSTRIAL PARKS IN PLACER COUNTY

Project Name	*Location*	*Size Square Feet*	*Industry/Major Business*
Parkside Industrial Center	Roseville	374,400	Industrial, business park
Roseville Parkway Industrial Center	Roseville	444,000	U.S. Bancorp
Hewlett Packard	Roseville	769,698	Hewlett Packard
Vineyard Pointe Bus. Park	Roseville	126,347	Industrial, business park, office
Foothills Commerce Center II	Roseville	108,467	Industrial and tech-oriented companies
Pride Industries	Roseville	189,288	Headquarters site
Cemo Business Park	Roseville	149,700	Office, technology, business
Lincoln Air Center	Lincoln	1,919,000	Distribution, warehouse, production
Auburn Industrial Park	Auburn	3,702,600	Manufacturing, distribution, electronics, lighting, printing
Deans Industrial Park	Loomis	191,664	Storage, manufacturing, office
Granite Creek Business Park	Rocklin	200,000	Industrial and commercial
Oracle Campus	Rocklin	450,000	Oracle
Sierra Placer Business Park	Placer County	702,000	Warehousing and manufacturing
Placer Corporate Center	Placer County	4,617,360	Office, light industrial
Atherton Tech Center	Placer County	100,000	Office
Doupnik Manufacturing	Loomis	740,520	Modular construction

Sacramento Regional Research Institute, December 2003
Data Source: Placer County
Note: Some of the industrial parks are not completely built out. The size listed reflects the total estimate at build out.

Retail Space

Figure 65 compares current retail lease rents, vacancy, space inventory, and absorption in two main regions of Placer County—Auburn/Loomis and Roseville/Rocklin.

FIGURE 65
2003 RETAIL LEASE RATES, VACANCY,
AND ABSORPTION IN PLACER COUNTY

Area	Lease Rates* Per Square Foot	Total Vacancy Square Feet	Total Inventory Square Feet	Absorption (YTD)** Square Feet
Auburn/Loomis	$1.72	1,427	1,030,788	8,373
Roseville/Rocklin	$2.25	158,488	5,100,391	93,156

Sacramento Regional Research Institute, December 2003
Data Source: CB Richard Ellis
*Note: 2003 includes data for Quarters 1-3
**Note: Retail Lease Rates are for in-line space in Community Centers.
Lease rates can vary based on the location, age, and type of the property.

In August 2000, The Galleria shopping mall opened in Roseville. The shopping center comprises 1.1 million square feet. Adjacent to the Galleria is the Creekside Center with approximately 694,000 square feet of retail and 435,000 square feet of office space.

Residential—Single Family Housing

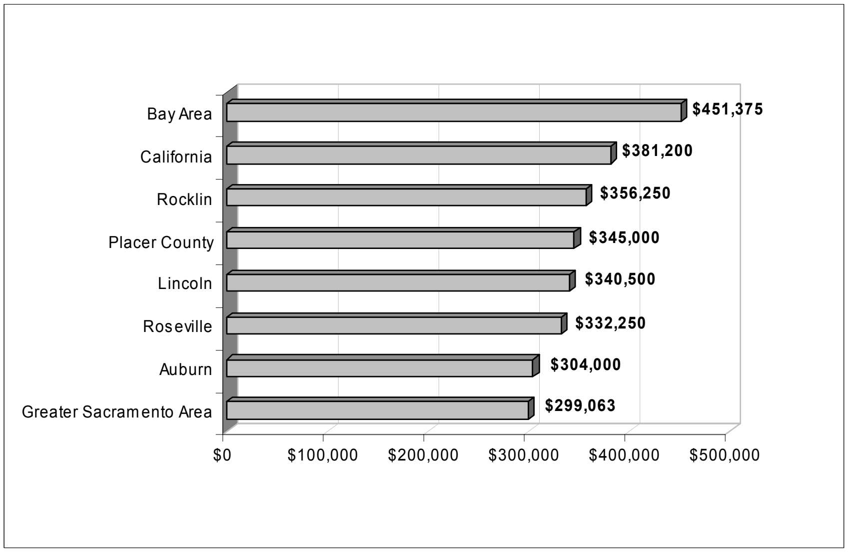
The comparatively low cost of housing in Placer County attracts many new residents to the region. Many Californians migrate to Placer County from the more expensive areas of the state, such as the Bay Area.

Figure 66 shows that the median home sale price in Placer County remains below the median prices seen on an overall basis for the state and the Bay Area.

Figure 67 illustrates the historic trend in median single-family home sale price (new and resale homes) in Placer County for October 2002 and 2003. Placer County experienced approximately 16 percent growth, slightly less than the state and above the Greater Sacramento Area. The growth rates in Placer County and many of the cities are above the Bay Area, but the Bay Area median sale prices remain well above those in the county.

All types of housing are available in Placer County—urban, suburban, and rural. In addition to commonly found housing subdivisions and planned developments, Placer County offers the opportunity to live by rivers, lakes, streams, the foothills and the Sierra Nevada Mountains. It is possible to find homes with significant acreage within an easy commute to major employment centers. For those living in more urbanized areas of the county, parks provide excellent recreation near most neighborhoods and there is easy access to rural areas.

FIGURE 66
OCTOBER 2003 MEDIAN HOME SALE PRICES



Sacramento Regional Research Institute, December 2003
Data Source: California Association of Realtors
Note: Data reflects single family unit, new and resale homes.
Greater Sacramento Area data does not include Sutter or Yuba Counties.

FIGURE 67
CHANGE IN MEDIAN HOME SALE PRICES

	Median Single Family Home Sales Price		
Area	*October 2002*	*October 2003*	*Percent Change*
California	$324,670	$381,200	17.4%
Bay Area	$422,667	$451,375	6.8%
Greater Sacramento Area	$264,563	$299,063	13.0%
Placer County	$297,000	$345,000	16.2%
Cities in Placer County			
Auburn	$294,000	$304,000	3.4%
Lincoln	$281,500	$340,500	21.0%
Rocklin	$292,000	$356,250	22.0%
Roseville	$290,000	$332,250	14.6%

Sacramento Regional Research Institute, December 2003
Data Source: California Association of Realtors
Note: Data reflects single family unit, new and resale homes.
Greater Sacramento Area data does not include Sutter or Yuba Counties.

Figure 68 illustrates the average number of transaction for single family homes in 2001 and 2002. The increase in transactions within Placer County between 2001 and 2002 exceeded that of the Greater Sacramento Area, the Bay Area, and California. The City of

Lincoln saw the highest transaction growth rate between 2001 and 2002 with an increase in of 65 percent, reflecting some of the population trends that the city has experienced.

FIGURE 68
AVERAGE SINGLE FAMILY
HOME TRANSACTIONS

Area	*2001*	*2002*	*Percent Change*
California	21,333	23,702	11.1%
Bay Area	4,135	5,198	25.7%
Greater Sacramento Area	2,302	2,551	10.8%
Placer County	333	422	26.7%
Cities in Placer County			
Auburn	42	44	4.8%
Colfax	9	12	33.3%
Lincoln	20	33	65.0%
Loomis	12	16	33.3%
Rocklin	60	76	26.7%
Roseville	122	156	27.9%

Sacramento Regional Research Institute, December 2003
Data Source: RAND California
Note: Greater Sacramento Area does not include Sutter and Yuba Counties.